

Committee on Ways and Means

Summary of Medicare Prescription Drug and Modernization Act of 2003

DETAILS ON Rx DRUG BENEFIT

Voluntary Rx Drug Benefit Available to ALL Medicare Beneficiaries

- Entitlement under Medicare
- CBO and CMS Actuary predict universal participation
- Those who want to stay with their current coverage, may do so, and employers encouraged to continue retiree coverage by receiving some assistance

Prescription Drug Benefit:

- \$250 deductible
- \$251- \$2,000: 80% coverage, 20% cost-sharing
- Catastrophic protection after \$3,500 out-of-pocket (100% of costs covered)
- Affordable premium around \$35 per month or about \$1 a day
- Good front end benefit aids most seniors (median spending is \$1,285)

Targets Resources to Those Who Need It Most

- Fully subsidized premium and cost-sharing up to 135% of poverty, phasing out at 150% of poverty
- Medicare is primary payor and state governments receive assistance by phasing out their Medicaid prescription drug obligations over a number of years
- Low-income beneficiaries pay up to \$2 per generic and \$5 per brand name drug, per prescription
- High-income beneficiaries (individuals with incomes of \$60,000 or couple with incomes of \$120,000) have a higher catastrophic benefit

Beneficiaries Choose Plan that is Best for Them

- Choice of at least 2 plans guaranteed
- Competition holds down costs
- Choice of any pharmacy

DETAILS on MEDICARE MODERNIZATIONS

Quality Improvements to Enhance Seniors' Health

- Protections against adverse drug interactions
- Electronic prescribing to minimize medical errors
- Pharmacy therapy and chronic care management for beneficiaries with chronic conditions

Long Overdue Modernizations

- Covers an initial physical, cholesterol screening, and offers disease management
- Rural relief package for underpaid rural hospitals, physicians, and home health
- Revitalizes private plans in Medicare, followed by competitive bidding in which seniors can reduce their premiums
- Adds the President's regional private Enhanced Fee-for-Service and PPO plans
- Enrolls 48 percent of beneficiaries in competitive private plans, according to CMS Actuary
- Initiates FEHBP-style reform in 2010
- Bipartisan regulatory relief and contractor reform
- Competitive bidding for durable medical equipment
- Reforms pricing for drugs administered by physicians, and adequately reimburses oncologists

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